

FEDERAL BUREAU OF INVESTIGATION  
FOI/PA  
DELETED PAGE INFORMATION SHEET  
FOI/PA# 1255914-0

Total Deleted Page(s) = 2  
Page 101 ~ Referral/Consult;  
Page 103 ~ Referral/Consult;

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## FEDERAL BUREAU OF INVESTIGATION

5/6/83

Date of transcription

b6  
b7C

[redacted]  
New York, was interviewed by Special Agent (SA) [redacted]  
of the Federal Bureau of Investigation (FBI) and Criminal  
Investigator, [redacted] Eastern District of New York  
(EDNY) [redacted] provided the following information:

[redacted] advised he was introduced to [redacted]  
sometime in the 1960's, by [redacted] father-in-law, a major  
contributor to New York Hospital. [redacted] advised that in 1978,  
he and [redacted] had attempted to get involved in the movement  
of commodities within the maritime industry. He advised it was  
his understanding that [redacted] made a commitment to move  
commodities for Commercial Metals Corporation, but it was  
never fulfilled. [redacted] advised that the Commercial Metals  
settlement was approximately \$100,000.00 of which he [redacted]  
contributed \$10,000 toward legal fees.

[redacted] stated that he purchased the Brazen Eagle, Panamanian  
Registry in February, 1979, financing approximately \$492,500.00  
through the Sterling National Bank. He advised that there were  
no other guarantors of the vessel. He advised that about this time  
he had a informal discussion with [redacted] regarding the joint  
ownership and operation of vessels in the commodity field,  
however, nothing was formalized.

In April, 1979, [redacted] purchased the Lone Eagle for  
approximately \$575,000.00. [redacted] advised he borrowed the funds  
from the Irving Trust Company for approximately \$1,642,000.00. He  
explained the proceeds were used to pay off the debt from Sterling  
National and other outstanding debts which he incurred. He advised  
that [redacted] introduced him to the bankers at Irving  
Trust.

Investigation on 5/2/83 at Brooklyn, New York File # New York 194-304-75  
by [redacted] Date dictated 5/2/83

New York 194-304

Continuation of interview of [REDACTED]

Page 2b6  
b7C

[REDACTED] advised that he had discussions with [REDACTED] and CECIRE regarding NMT, managing the Brazen and Lone Eagle. He advised that at this time his investments in the vessels had appreciated, explaining that [REDACTED] (or Northeast Marine Terminal) (NMT) readily accepted his offer. [REDACTED] described the agreement with NMT as a "Theoretical Commitment". He advised it was his understanding that he and NMT would share profits and losses. He stated that at no time did he ever attempt to hide or impede the ownership of the vessels.

[REDACTED] advised that by the end of 1979, NMT owed him fifty percent investment in the vessels and fifty percent of the losses on the vessels. He advised that in an attempt to secure refinancing, [REDACTED] contacted the Bank Leumi. He stated that although corporate resolutions and signature cards were signed, the loan was never completed against the vessels. He advised that he never discussed this with a lawyer or an accountant.

[REDACTED] recalled a conversation he had with [REDACTED] concerning NMT's plans to purchase or lease new equipment to replace obsolete machinery. He advised that after a review of an amortization schedule (drawn up by NMT) he subsequently entered into two leaseback agreements with NMT. [REDACTED] stated that at no time did he have a recollection that prior to entering into the second lease was there any link to the vessel transactions. He advised that in February, 1980, he entered into a lease agreement, whose effective date was listed as 12-79. He advised there was no significance that he took a loan from the Sterling Bank account to operate the vessels rather than the loan proceeds going to NMT to purchase the equipment. [REDACTED] advised he did not specifically recall the money going to the account to operate the vessels.

[REDACTED] advised that he did not recall any employee from NMT ever calling up and asking him to clean up the advances made by NMT. He additionally did not recall the \$213,000.00 wire transfer. [REDACTED] advised he was not aware that NMT wrote off \$450,000.00 as a loss on the ship.

(File No. \_\_\_\_\_)

194c 304 1A

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Field File No. \_\_\_\_\_

OO and File No. 194-304-18

Date Received \_\_\_\_\_

From \_\_\_\_\_

(NAME OF CONTRIBUTOR)

(ADDRESS OF CONTRIBUTOR)

By \_\_\_\_\_

(AGENT)

To Be Returned ☐ Yes

☒ No

☐ Yes

☒ No

Receipt Given ☐ Yes

☒ No

Grand Jury Material-  
Disseminate Only  
Pursuant to Rules  
6(e), Federal Rules  
of Criminal Procedure

Description:

FD 302

Dated 5-2-83

b6  
b7C

5/18/83  
9 <sup>12</sup> AM

①

- [redacted] - Transaction = go others.
- No Transaction relating to ship of him prior to 1983
- Not aware of his [redacted] interest in ships. Personally or business entity
- Not aware of direct officer Colet.
- Commercial Metals - [redacted] agreed to move some cases for the company
- [redacted] & he were attempting to get into the movement of commodities
- [redacted] to be compensated \$10,000 for the lawyers fees
- Settlement \$10,000 -
- [redacted] Had theoretical partnership in shipping business to move in commodities.
- Didn't know in 1977 that [redacted] had purchase interest in [redacted] at most
- In a letter 2/78, had discussion with [redacted] re the joint ownership & operation of vessels to move commodities.
- Informal discussion / casual.
- 2/78 [redacted] Time was aware that [redacted] was at least principal of [redacted] was looking to increase business & expand
- Thought [redacted] was owner of Terminal
- Thought [redacted] was substantial financial person - stable.
- [redacted] Discussed this business with [redacted]
- Not aware of any agreement

Between [redacted] that  
he was aware [redacted]  
Shelly Gato, Jr. - Lawyer for  
[redacted]  
Purchase Prager Cayle in  
7/94 - Personal money from  
Selling National Park - \$402,500. - *Fluoro*  
all his [redacted] *web*  
went a [redacted]  
Spina to manager vessel.  
no other Guarantors of that vessel.  
4/99 - Purchased Prager Cayle  
for \$75,000 based on *Spina*  
recommendation.  
Borrowed money - 8,642,000 difference  
paid off *Shelly* + other debts -  
loan collateralized - Securities.  
Between 7/94 - 4/99 - *Shelly*  
conversations w/ [redacted]  
relating to *Shelly* [redacted]  
over giving [redacted] *Shelly* might  
swap on cargo + insurance.  
Not aware that [redacted]  
was coming to PMT prior to  
his arrest @ PMT  
[redacted] introduced him  
to [redacted] trust company  
His dissatisfaction with [redacted]  
evolved over a period of  
time  
had conversation w/ [redacted]  
about managing & control  
[redacted]  
6/9/99 memo - no significance  
of it being addressed to MO/PT-1  
5c.  
Originally had conversation  
with [redacted] about managing

- vessel  
never discussed with [redacted]  
about ~~the~~ a problem with  
NMT owning or operating ships.  
[redacted] in fact ~~not~~ went on  
to Pek Kueni to get mortgages.  
Died + never it by by a  
[redacted] or accountant.  
- Every term goal over to  
own and operate, ~~control~~ number of  
- Interest in commodities  
- The Bank Kueni signature  
cards / documents revolution  
- not a reflection of private  
ownership of [redacted] as appeared  
to NMT.  
- never completed loan against  
ships of Pek Kueni.  
- [redacted] attempt to hide  
or suppress the ownership of vessels  
- They are one  
to the contrary always told  
anyone who asked that he / NMT  
had ownership, operation of  
ships  
- Partnership included sharing  
of profits + losses  
- ~~business~~ deal came about  
7/8/79.  
- ~~By~~ The end of 1979 - ~~the~~  
NMT owed him 1/2 ship + 1/2  
boxes on ship.  
- Does + know what other banks  
[redacted] NMT went to  
- told him of a Chinese ~~for~~  
~~Indonesian~~ ~~Chinese~~ relatives  
that he had conversation with  
[redacted]



- 2nd base

- [ ] told him not needed  
to replace its equipment &  
that NMT was going to purchase  
on lease other equipment.

- Prior to entering into  
this lease [ ] had no concern at  
all on any an @ NMT  
re: money being NMT share  
of [ ] operation & ownership  
of [ ]

- [ ] concern him  
that NMT had not paid  
him on the ships.

9/6/80 - [ ] highly unlikely - Wilkinson -  
Doesn't recall letter -

- Doesn't recall why Stanley  
relates to Burger Eagle

- [ ] why letter doesn't reflect  
Burger Eagle or other ships.

- Doesn't recall anyone asking  
for or to clean up evidence  
of [ ] to [ ] of [ ]

- 11/24/84 - Scrap Value - \$900,000

- Doesn't recall who [ ]

- Doesn't recall money going to  
[ ] to agents vessels.

- No significant A that fact

11/78 - [ ] During this particular time

- [ ] attempting to sell vessels.

- Had arrangement to sell vessels

- Had committed re: financing

- Money re operation & ownership  
of vessels.

6/19/80 - [ ] letter at all - No idea  
why letter only reflects Burger Eagle

b6  
b7C

8 1,2 million value

~~Don't recall an~~ ~~Prayer Case~~  
sources high.

Confidential  
6/19/80

lower the value of a ship's

signature

not sure if he even read it  
why didn't he give him the money that day

1st equipment - figured to lease

equipment 3/79

2nd lease also 3/79.

Don't related to # on ships.

11/5/80

never sent letter - type

by [redacted] his secretary.

not in language -

his signature -

Charles didn't even read  
letter.

8/2/80

Prayer Case - told - @ time  
announced by him alone.

1/2 cut of both ships

1/2 acquisition time of both ships.

Consulted with [redacted] the [redacted] @ [redacted]

~~Prayer Case~~  
Prayer Case seized.

10/80

90,000  
180,000

Lawrence [redacted]

[redacted]

He is one - investor

[redacted]

entire  
the man in Shipping  
office.

(6)  
[ ] Conversation Re: Investment  
in Venture - Never put up any  
money.  
- Not aware of looking entries -

Field File No.

194-304-1A19

OO and File No.

Date Received

5-18-83

From

(NAME OF CONTRIBUTOR)

(ADDRESS OF CONTRIBUTOR)

By

To Be Returned

☐ Yes

Receipt Given

☐ Yes

☒ No

☒ No

Description:

Legislative Printout  
Library of Congress

b6  
b7C

H.R. 6899

3 REVISED DIGESTS AS OF 07/24/80

(CG96) 03/24/80

Rep Murphy, J., et al.

Referred to more than one committee

SUMMARY:

ITEM 215 OF 261 IN SET 1

(Abstract as introduced):

Revises the economic regulation of international ocean shipping, Exempts specified ocean shipper and carrier agreements from the antitrust laws,

Amends the Merchant Marine Act, 1936, to revise the construction-differential and operating-differential subsidies, Directs the Secretary of Commerce to preserve and promote the maritime shipping interests of the United States,

Amends the Internal Revenue Code to revise the tax treatment of income derived from maritime shipping,

Amends the Intercoastal Shipping Act, 1933, in regard to specified shipping rates and tariffs,

CHRONOLOGY OF ACTIONS:

07/24/80 h000000 Reported to House from the Committee on Ways and Means with amendment, H. Rept. 96-935 (Part IV)

06/20/80 h000000 Reported to House from the Committee on the Judiciary with amendment, H. Rept. 96-935 (Part III)

06/17/80 h000012 Committee on Foreign Affairs discharged in House

05/16/80 h000070 Reported to House from the Committee on Merchant Marine and Fisheries

PAGE 1 OF 2. READY FOR COMMAND. OPTION OR PG £(FOR NXT PG, XMIT):

H.R. 6899 (CG96) continued:

Fisheries, H. Rept. 96-935 (Part II)

03/09/80 h000010 Referred Jointly to House Committees on Foreign Affairs; and the Judiciary

05/09/80 h000000 Reported to House from the Committee on Merchant Marine and Fisheries with amendments, H. Rept. 96-935

SUMM. PAGE 2 OF 2. READY FOR NEW COMMAND. OPTION OR PG £:

H.R.2184  
Rep Biaggi

(CG95) 02/13/79  
House Merchant Marine and Fisheries  
ITEM 39 OF 261 IN SET 1

SUMMARY:

(Abstract as introduced):

Amends the Shipping Act, 1916, to limit the number of sailings a common carrier by water in foreign commerce which is not a party to an agreement filed with the Federal Maritime Commission may provide or participate in within a prescribed period.

Provides for the independent policing of compliance with obligations incurred or agreements made pursuant to such Act.

CHRONOLOGY OF ACTIONS:

\*\*\*\*\* CHRN NONE \*\*\*\*\*

PAGE 1 OF 1. READY FOR NEW COMMAND OR NEW OPTION:

H.R.4416  
Rep Akaka  
(CROSS REFERENCE BILLS EXIST)

(CG96) 06/11/79  
House Merchant Marine and Fisheries

SUMMARY:

ITEM 117 OF 261 IN SET 1

(Abstract as introduced):

Stipulates that the steamship United States may operate in the domestic and foreign commerce of the United States and between foreign ports.

CHRONOLOGY OF ACTIONS:

\*\*\*\*\* CHRN NONE \*\*\*\*\*

PAGE 1 OF 1. READY FOR NEW COMMAND OR NEW OPTION:

H.R.4768  
Rep Murphy, J., et al,

(CG96) 07/12/79  
Referred to more than one committee  
ITEM 129 OF 261 IN SET 1

SUMMARY:

(Abstract as introduced):

H.R. 4761

Rep M. J. et al.

SUMMARY:

(Abstract as introduced):

Revises the economic regulation of international ocean shipping. Exempts specified ocean shipper and carrier agreements from the antitrust laws.

Amends the Merchant Marine Act, 1936, to revise the construction-differential and operating-differential subsidies. Directs the Secretary of Commerce to establish shipbuilding efficiency standards.

Amends the Internal Revenue Code to revise the tax treatment of income derived from shipping.

Directs the President to submit a reorganization plan which shall establish a Deputy Special Representative for Maritime Affairs within the Office of the Special Representative for Trade Negotiations.

CHRONOLOGY OF ACTIONS:

\*\*\*\*\* CHRN NONE \*\*\*\*\*

PAGE 1 OF 1. READY FOR NEW COMMAND OR NEW OPTION:

(CG96) 07/12/79

Referred to more than one committee

ITEM 129 OF 261 IN SET 1

H.R. 4945

Rep Murphy, J.

(CROSS REFERENCE BILLS EXIST)

SUMMARY:

(Abstract as introduced):

Amends the Merchant Marine Act, 1936, to: (1) shorten the minimum United States documentation period for dry bulk cargo vessels; (2) allow such vessels which are receiving an operating-differential subsidy to perform repairs outside of the United States or Puerto Rico; and (3) remove the provision of law which prohibits individuals who are receiving an operating-differential subsidy or who are chartering vessels owned by the Department of Commerce from operating or acting as an agent for any foreign-flag dry bulk cargo vessel which competes with American carriers.

CHRONOLOGY OF ACTIONS:

\*\*\*\*\* CHRN NONE \*\*\*\*\*

PAGE 1 OF 1. READY FOR NEW COMMAND OR NEW OPTION:

(CG96) 07/24/79

House Merchant Marine and Fisheries

ITEM 133 OF 261 IN SET 1

H.R. 5145

Rep Trible, et al.

SUMMARY:

(Abstract as introduced):

Amends the Merchant Marine Act, 1936, to establish a financial assistance program for the construction and operation of vessels to be used in essential bulk cargo carrying services. Entitles such vessels to engage in all domestic trades without restriction and allows such vessels to enter or leave the domestic trade upon appropriate notice.

Reduces the minimum United States' documentation period for vessels which have received a construction-differential subsidy.

CHRONOLOGY OF ACTIONS:

\*\*\*\*\* CHRN NONE \*\*\*\*\*

(CG96) 08/02/79

House Merchant Marine and Fisheries

ITEM 148 OF 261 IN SET 1

Program for the construction and operation of vessels to be used in essential bulk cargo carrying services. Entitles such vessels to engage in all domestic trades without restriction and allows such vessels to enter or leave the domestic trade upon appropriate notice.

Reduces the minimum United States' documentation period for vessels which have received a construction-differential subsidy.

CHRONOLOGY OF ACTIONS:

\*\*\*\*\* CHRN NONE \*\*\*\*\*

PAGE 1 OF 1. READY FOR NEW COMMAND OR NEW OPTION:

H.R. 5913

Rep Murphy, J.

(CROSS REFERENCE BILLS EXIST)

Public Law 96-240 (03/17/80)

SUMMARY:

(Abstract as introduced):

Amends the Merchant Marine Act, 1936, to extend the construction-differential subsidy for the construction of new vessels to be used in the foreign commerce of the United States.-

CHRONOLOGY OF ACTIONS:

03/17/80 fact050 Public Law 96-240

03/07/80 fact086 Measure presented to President

07/05/80 fact084 Measure enrolled in Senate

07/05/80 fact082 Measure enrolled in House

03/03/80 sfact130 Measure passed Senate

03/03/80 sfact080 Measure considered in Senate

03/03/80 sfact032 Measure called up by unanimous consent in Senate

02/12/80 hfact074 Measure passed House, roll call #46 (324-36)

02/12/80 hfact050 Measure considered in House

02/11/80 hfact050 Measure considered in House

02/11/80 hfact043 Measure called up under motion to suspend rules and pass in

PAGE 1 OF 2. READY FOR COMMAND, OPTION OR PG 2 (FOR NXT PG, XMIT):

H.R. 5913 (CG96) continued:

House

04/28/80 hosc070 Reported to House from the Committee on Merchant Marine and Fisheries, H. Rept. 96-739

SUMM. PAGE 2 OF 2. READY FOR NEW COMMAND, OPTION OR PG 2:



194-304-1A18

194-304-1A18

Field File No. NY 194-304-20

OO and File No. \_\_\_\_\_

Date Received 5-18-83

From \_\_\_\_\_

(ADDRESS OF CONTRIBUTOR)

By \_\_\_\_\_

To Be Returned ☐ Yes☒ No☐ Yes☐ NoReceipt Given ☐ Yes☒ No

Grand Jury Material-  
Disseminate Only  
Pursuant to Rules  
6(e), Federal Rules  
of Criminal Procedure

Description: Excerpts notes of  
Interview \_\_\_\_\_  
General Counsel Dept. of Transp.

b6  
b7c

1  
[redacted] ul Council  
[redacted] Shipping Council  
[redacted] Subsidy System

- 1970 - Congress Amendment  
subsidy formulae  
- Operation Differential Sub. (ODS)  
- ODS = Pay the difference  
between cost of U.S. crewmen  
& Foreign crewmen - Sea going <sup>for approved</sup> to shipping  
- Several different kinds - e.g.  
- Deck officers  
- Engineer officers, etc.

- Reason -  
① Make ~~for~~ U.S.  
maritime organization competitive.  
② Must be ~~active~~  
of U.S. - Merchant Marine Act of 1936  
is authority.

- Restriction Sub.  
- Differential between cost to  
build here & in foreign  
- Also gov't guarantee  
loan.

- Capital Restriction Fund  
① Deposit - Represented in  
to fund ~~to~~ build other  
ships.

- Extract details restriction for  
receipt of sub & claims.  
- Subsidy - Paid on regular basis on  
vouchers.

- Aut -

Autumn 804. - Am's  
Foreign Flag - Participation.

U.S. Flag - Documented by  
U.S. Coast Guard.

ASO - 1972 - Docket - Burger

Never imposed penalties for  
anyone under Sec. 804 of the Maritime  
Act.

Domestic Trade - Jones Act - 1920 -  
- Virgin Island Exception -

- Could Trade

F.M.C.

Maritime Commission

- Independent Regulatory Body  
5 Commissioners Appointed by President  
State / Offshore Shipping between  
authorities Foreign/Domestic

Carrier Staff - Regulate - Common

As of Maritime Commission  
Vessel per nothing to

Maritime Admin. 1961

Promotional Activities of  
Shipping Business -

- Industries

- Merchant Marine Academy

- Port Development.

## Merchant Marine & Fisheries

① Legislature & Oversight on  
Maritime Guard, Ports, Coast Guard,  
Panama Canal, Air Policy etc.

② Legislature - House of Rep.  
Amendment to 1936 Act.  
Sent to Joint House & Committee.

③ Senate - ~~Transportation~~  
Commerce & Service -  
they had a sub-committee on  
Merchant Marine & Tourism.

194.304-1A20

FD-340 REV. (6-14-77)

Field File No.

194-304-21

OO and File No.

Date Received

8-24-83

From

(NAME OF CONTRIBUTOR)

(ADDRESS OF CONTRIBUTOR)

By

To Be Returned

☐

Yes

Receipt Given

☐

Yes

☐

No

☐

No

Description:

Notes of interview of  
[redacted] on 8-24-83

b6  
b7C

8/24/83

①

194-304-1F<sup>b6</sup>  
b7C

[redacted] last time <sup>Sept</sup> 1971 visited  
Mar '73 - President / Chief Executive Officer  
Chairman of Board of Directors - Winn  
Winn

- To put on again this -
- Winn for next time - for 3 months.
- Winn MT.

- Joseph Levine - lived here.
- David to want to work  
full time. (knew him at least 20 years  
as colleague & competitor.)
- Tried to get Winn

business

[redacted] Winn  
and the persons that he introduced  
his clients to - / arranged  
things. -  
- Winn wrote them a  
letter

- Visited it a lot - signed  
it.

- Winn for owners  
visited - Winn

[redacted] [redacted]

- "Hello & 'Goodbye'"  
- Have an idea of  
arrangement

- Monthly commitment  
\$2,000 per month. - flat fee -  
- never talked about  
leaves or business developed

- Don & Winn who  
arrangement was terminated

- Winn & get from  
any business - "Nothing to do"

- Most of the people thought  
[redacted] was an idiot



- never held any other position & jobs during employment @ WMT

+ Then under [redacted] - Staff of

Private Committee (for 8 or 9 months) could have been some members

- Got job then [redacted] b6 b7C

- Not aware of any other side employment ~~at that time~~ contacts

- ~~the~~ Civic League for Committee (General Council) suggested he ~~should~~ sell his stock. - Pacific

- Doery & think would aware of his WMT employment

- He ~~if~~ he disclosed his WMT employment on Disbarment

- Hired by Committee - Pacific

- Future of American Power Company

- knew he would be there only a little while

- knew [redacted] for giving

ed. [redacted] of P.G. Pano & Terminal

part but ~~at~~ [redacted] together

which resulted at Comm. job

- Not aware if [redacted] wanted or had interest in Terminal

in Pacific Pico. or in Navarroz de Pico Pico. He never had interest in [redacted]

[redacted] not involved in above

- APA. Tuckey was going to be a

major expert in Pacific Pico but

never President [redacted] his name

[redacted] - person X. J.

- Not aware [redacted] interested in purchase of American Express line
- Not aware that [redacted] had any interest in PMT
- [redacted] good friend - No interest in PMT
- PMT went out of business because Prudential didn't pay them because they didn't have the money
- Not aware that [redacted] received any money from PMT
- [redacted] brought him & Berger together
- Berger interested in "murder" re: American Express line
- Not aware of Berger or his special relationship with Staff of Comm.
- Not familiar w/ Facts & Terminal Commission Matter
- [redacted] Making Grand Jury re: [redacted]
- [redacted] Attorney for appearance - working in lawyer
- Think Comm called him - asked asked him to run PMT - when he was putting the deal together
- Not aware of anyone asking Comm to call him.

FBI

## TRANSMIT VIA:

☒ Teletype  
☐ Facsimile  
☐ \_\_\_\_\_

## PRECEDENCE:

☐ Immediate  
☐ Priority  
☒ Routine

## CLASSIFICATION:

☐ TOP SECRET  
☐ SECRET  
☐ CONFIDENTIAL  
☐ UNCLAS E F T O  
☒ UNCLAS

Date 5/13/83

FM NEW YORK (194-304) (M-12)

TO ~~DIRECTOR~~ ROUTINE

ATTN: PUBLIC CORRUPTION UNIT, WCC SECTION

BT

U N C L A S

STEAMCORE, HOBBS ACT-CPO; BRIBERY, OO: NEW YORK.

THE INFORMATION BELOW PROVIDED BY [REDACTED] IS SINGULAR.  
 EXTREME CARE MUST BE EXERCISED IN ITS USE/DISSEMINATION.

THIS CONCERNS ALLEGATIONS THAT PAYOFFS MAY HAVE BEEN MADE  
 BY AVON STEAMSHIP COMPANY, LONG ISLAND, NEW YORK, TO CONGRESSMAN  
 MARIO BIAGGI, 10TH CONGRESSIONAL DISTRICT, NEW YORK (CHAIRMAN,  
 MERCHANT MARINE SUBCOMMITTEE AND MEMBER MERCHANT MARINE AND  
 FISHERIES COMMITTEE), OTHER GOVERNMENT AND UNION OFFICIALS IN  
 ORDER TO OBTAIN FEDERAL MARITIME SUBSIDIES.

ACCORDING TO [REDACTED]

[REDACTED] AVON STEAMSHIP AND NORTHEAST MARINE, NEW YORK,  
 MAY HAVE SPECIFIC KNOWLEDGE THAT LEON HESS (HESS PETROLEUM) AND

1-NEW YORK  
 1-SUPV. #M-12

NAO:mr  
 (2)

194-304-76  
 SEARCHED \_\_\_\_\_ INDEXED \_\_\_\_\_  
 SERIALIZED \_\_\_\_\_ FILED \_\_\_\_\_

MAY 16 1983

Approved: [Signature]Transmitted \_\_\_\_\_  
(Number)

(Time)

Per Ka 4

FBI

## TRANSMIT VIA:

☐ Teletype  
☐ Facsimile  
☐ \_\_\_\_\_

## PRECEDENCE:

☐ Immediate  
☐ Priority  
☐ Routine

## CLASSIFICATION:

☐ TOP SECRET  
☐ SECRET  
☐ CONFIDENTIAL  
☐ UNCLAS E F T O  
☐ UNCLAS

Date \_\_\_\_\_

PAGE TWO U N C L A S

AVON [REDACTED]

(AVON

IS OWNED BY LEO BERGER [REDACTED]

IS ALSO A

[REDACTED] NORTHEAST MARINE.)

REPORTEDLY, AVON/HESS [REDACTED]

[REDACTED] (JESSE CALHOUN IS PRESIDENT

AND LEON SHAPIRO IS SECRETARY/TREASURER OF MEBA, WASHINGTON, DC.)

[REDACTED] HESS [REDACTED]

AVON

[REDACTED] CALHOUN TO CONGRESSMAN

BIAGGI, OTHER GOVERNMENT OFFICIALS AND UNION OFFICIALS [REDACTED]

O [REDACTED] WAS INTERVIEWED BY BUAGENTS.

ALTHOUGH HE EXPRESSED A WILLINGNESS TO COOPERATE, HE WAS EVASIVE

b6  
b7C  
b7D

Approved: \_\_\_\_\_

Transmitted \_\_\_\_\_

(Number)

(Time)

Per \_\_\_\_\_

FBI

## TRANSMIT VIA:

☐ Teletype  
☐ Facsimile  
☐ \_\_\_\_\_

## PRECEDENCE:

☐ Immediate  
☐ Priority  
☐ Routine

## CLASSIFICATION:

☐ TOP SECRET  
☐ SECRET  
☐ CONFIDENTIAL  
☐ UNCLAS E F T O  
☐ UNCLAS

Date \_\_\_\_\_

PAGE THREE U N C L A S

[REDACTED]

[REDACTED] ADVISED THAT HESS OIL HAS A REFINERY OPERATION IN ST. CROIX (US TERRITORY). HESS SECURED AN EXECUTIVE ORDER EXEMPTING HIM FROM USING US FLAGSHIP TO TRANSPORT OIL (FROM ST. CROIX TO US MAINLAND). BILLS WERE BROUGHT BEFORE CONGRESS TO REVOKE THE EXEMPTION. WHEN HESS CHARTERED AVON SHIPS TO TRANSPORT THE OIL, THIS CHARTER ARRANGEMENT DIFFUSED CONGRESSIONAL ACTION.

NOTWITHSTANDING ABOVE PRELIMINARY VIEWS REGARDING [REDACTED]

[REDACTED] AVON/  
HESS CHARGER ARRANGEMENTS, SAC, CRIMINAL DIVISION, RECOMMENDS THAT SA [REDACTED] RAVEL TO WASHINGTON, DC, FOR THE PURPOSE OF REVIEWING NUMEROUS DOCUMENTS CONSIDERED ESSENTIAL TO CONDUCT UPCOMING INTERVIEWS AND WHICH WILL FURTHER CORROBORATE INFORMANT INFORMATION TO DATE. AUSUA [REDACTED] EDNY, CONCUR WITH TRAVEL PLANS.

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Approved: \_\_\_\_\_ Transmitted \_\_\_\_\_ (Number) (Time) Per \_\_\_\_\_

FBI

## TRANSMIT VIA:

☐ Teletype  
☐ Facsimile  
☐ \_\_\_\_\_

## PRECEDENCE:

☐ Immediate  
☐ Priority  
☐ Routine

## CLASSIFICATION:

☐ TOP SECRET  
☐ SECRET  
☐ CONFIDENTIAL  
☐ UNCLAS E F T O  
☐ UNCLAS

Date \_\_\_\_\_

PAGE FOUR U N C L A S

WITH THE CONCURRENCE OF SAC, WFO, AND FBIHQ, SA  WILL  
TRAVEL TO WASHINGTON, DC, TENTATIVELY ON MAY 18, 1983, RETURNING  
MAY 19, 1983.

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BT

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Approved: \_\_\_\_\_ Transmitted \_\_\_\_\_ Per \_\_\_\_\_  
(Number) (Time)

NY0556 134 0042Z

RR HQ

DE NY 021

R 131930 MAY 83

FM NEW YORK (194-304) (P-12)

TO DIRECTOR ROUTINE

ATTN: PUBLIC CORRUPTION UNIT, WCC SECTION

BT

U N C L A S

STEAMCORE, HOBBS ACT-CPO; BRIBERY, OO: NEW YORK.

THE INFORMATION BELOW PROVIDED BY [REDACTED] IS SINGULAR.  
EXTREME CARE MUST BE EXERCISED IN ITS USE/DISSEMINATION.

THIS CONCERNS ALLEGATIONS THAT PAYOFFS MAY HAVE BEEN MADE  
BY AVON STEAMSHIP COMPANY, LONG ISLAND, NEW YORK, TO CONGRESSMAN  
MARIO BIAGGI, 10TH CONGRESSIONAL DISTRICT, NEW YORK (CHAIRMAN,  
MERCHANT MARINE SUBCOMMITTEE AND MEMBER MERCHANT MARINE AND  
FISHERIES COMMITTEE), OTHER GOVERNMENT AND UNION OFFICIALS IN  
ORDER TO OBTAIN FEDERAL MARITIME SUBSIDIES.

[REDACTED]  
[REDACTED] AVON STEAMSHIP AND NORTHEAST MARINE, NEW YORK,

MAY HAVE SPECIFIC KNOWLEDGE THAT LEON HESS (HESS PETRO

SEARCHED	INDEXED
SERIALIZED	FILED
MAY 16 1983	
FBI - NEW YORK	

194-304-76

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PAGE TWO U N C L A S

AVON [REDACTED]

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[REDACTED] CAVON  
IS OWNED BY LEO BERGER AND [REDACTED]

[REDACTED] NORTHEAST MARINE.)

REPORTEDLY, AVON/HESS [REDACTED]

[REDACTED]  
[REDACTED] (JESSE CALHOUN IS PRESIDENT  
AND LEON SHAPIRO IS SECRETARY/TREASURER OF MEBA, WASHINGTON, DC.)

[REDACTED]  
[REDACTED] HESS [REDACTED]

AVON

[REDACTED] CALHOUN TO CONGRESSMAN  
DIAGGI, OTHER GOVERNMENT OFFICIALS AND UNION OFFICIALS [REDACTED]

ON [REDACTED]

WAS INTERVIEWED BY BUAGENTS.

ALTHOUGH HE EXPRESSED A WILLINGNESS TO COOPERATE, HE WAS EVASIVE



PAGE THREE U N C L A S

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[REDACTED]

[REDACTED] ADVISED THAT HESS OIL HAS A REFINERY OPERATION IN ST. CROIX (US TERRITORY). HESS SECURED AN EXECUTIVE ORDER EXEMPTING HIM FROM USING US FLAGSHIP TO TRANSPORT OIL (FROM ST. CROIX TO US MAINLAND). BILLS WERE BROUGHT BEFORE CONGRESS TO REVOKE THE EXEMPTION. WHEN HESS CHARTERED AVON SHIPS TO TRANSPORT THE OIL, THIS CHARTER ARRANGEMENT DIFFUSED CONGRESSIONAL ACTION.

NOTWITHSTANDING ABOVE PRELIMINARY VIEWS REGARDING [REDACTED]

[REDACTED] AVON/

HESS CHARGER ARRANGEMENTS, SAC, CRIMINAL DIVISION, RECOMMENDS THAT SA [REDACTED] TRAVEL TO WASHINGTON, DC, FOR THE PURPOSE OF REVIEWING NUMEROUS DOCUMENTS CONSIDERED ESSENTIAL TO CONDUCT UPCOMING INTERVIEWS AND WHICH WILL FURTHER CORROBORATE INFORMANT INFORMATION TO DATE. AUSA [REDACTED] EDNY, CONCUR WITH TRAVEL PLANS.

PAGE FOUR U N C L A S

WITH THE CONCURRENCE OF SAC, WFO, AND FBIHQ, SA  WILL  
TRAVEL TO WASHINGTON, DC, TENTATIVELY ON MAY 18, 1983, RETURNING  
MAY 19, 1983.

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription  
3/22/83

1

[redacted] Northeast Marine Terminal (NMT), 2 Rockford Drive, West Nyack, telephone number (914) 358-9117, was interviewed by Special Agent (SA) [redacted] Federal Bureau of Investigation (FBI), and [redacted] Criminal Investigator, Eastern District of New York. [redacted] provided the following information:

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[redacted] advised that in 1979 he was not aware that [redacted] or JOSEPH CECIRE, either individually or on behalf of NMT, had entered into any agreement to own and/or operate any vessels. He advised that he learned of the joint venture at a creditors committee meeting in March or April of 1982. [redacted] advised that around that time, letters had surfaced regarding the vessel transactions with [redacted] (with the exception of the letters described as the 1980 January and December letters).

[redacted] advised that when he questioned [redacted] about the vessels [redacted] that they had initially agreed to share in the profits of the vessels; it was only after a period of time they had agreed to share in the losses. [redacted] that he was unsure as to whether they had an interest in ownership, or if there were one or two vessels involved. [redacted] advised that [redacted] inability to recall a \$330,000.00 transaction at the creditors committee meeting was very embarrassing. [redacted] advised that [redacted] did not make that many large transactions to forget one of this caliber.

[redacted] advised that in April, 1982, [redacted] attended another creditors meeting. At this meeting, [redacted] produced the January 15, 1980, and December 15, 1980, letters. [redacted] advised that this agreement was a "handshake type deal." At this meeting [redacted] advised that the second lease with NMT was entered into to cover NMT's interest in the vessels.

In June, 1982, a meeting was held at the offices of Levin and Weintraub, 225 Broadway, New York, for the purpose of getting the facts surrounding the second lease. [redacted] advised

Interviewed on 3/10/83 at New York, New York

File # NY 144-304-77

E [redacted]

Date Dictated 3/16/83

NY

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that he, [redacted] CECIRE, [redacted] and his attorney, [redacted] (PH), attended. [redacted] presented his version of the agreement in response to [redacted] question. [redacted] advised that he, JOSEPH CECIRE, and [redacted] got together and determined that they CECIRE and [redacted] wanted to get into vessels. [redacted] advised that the original agreement was the sharing of profits in exchange for ship management.

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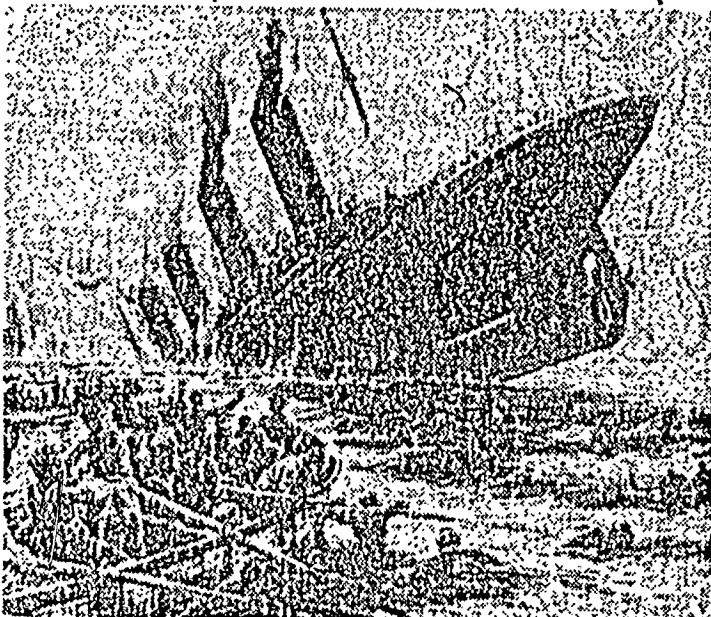
[redacted] advised Nicholas Nicholson of New York (NN of NY) was formed and operated without his knowledge or consent. [redacted] advised that at some point when [redacted] was losing money, he [redacted] went back to [redacted] and CECIRE and told them they would have to share in the profits and losses. [redacted] explained that he continued to harass [redacted] and CECIRE for money to invest in the vessels. [redacted] stated that it was at this point that he was asked by [redacted] to go into the (second) lease. [redacted] advised that it was his best recollection that [redacted] never referred to the money as being NMT money when discussing the investment in the vessels.

[redacted] advised that he had a conversation regarding the joint venture with [redacted]. [redacted] advised that [redacted] confided in him shortly after a telephone conversation with [redacted] in which [redacted] told [redacted] that "the receiveable was paid to his partners." [redacted] advised he instructed [redacted] to get an authorization every time Sterling National Bank is paid (monthly lease payments), and not to change the accounts receiveable on the corporate books.

[redacted] advised that [redacted] was hired by [redacted] to do whatever he [redacted] wanted. [redacted] advised that [redacted] was involved with NN of NY.

Monday, April 11, 1983

Below)

**INSIDE: MARITIME AGENCIES**

The sinking of the Titanic in the North Atlantic, as drawn by Willy Stoewer.

## Titanic II Investigation

### 'Just Tip of the Iceberg'

The freight-tariff filings and cargo-preference disputes that make up the daily business of the Federal Maritime Commission don't provide much in the way of mirth, but the staff is enjoying a few laughs over the commission's attempt to investigate the Titanic.

Actually, the inquiry is about the Titanic II, the name that a couple of San Diego entrepreneurs gave a 600-passenger ship they apparently were planning to use in a commemorative voyage to recreate—minus the disaster, of course—the trip of the great Cunard liner.

According to an official commission complaint, Terry Marler and James Beasley formed Titanic Steamship Co. and in 1981 "advertised or offered passage from U.S. ports" without having obtained the required certificate of financial responsibility.

Marler did not return a call to the insurance brokerage firm he and Beasley run. San Diego port officials say no ship named the Titanic II ever put in there.

**WASHINGTON POST**

The original Titanic sank on April 15, 1912, when it struck an iceberg in the North Atlantic on its maiden voyage. More than 1,500 lives were lost in the most famous shipwreck of all time.

Naturally, the wits at Maritime are calling the current case "just the tip of the iceberg."

**NO LEVITY IN LOANS, ALAS** . . . There's less to laugh about in the reports from the Maritime Administration (Marad), which has become an unlikely victim of the long slump in oil drilling activity caused by the worldwide oil surplus.

The connection between Marad and the troubled oil business is not as remote as it might seem. Offshore drilling rigs and the boats that service them are constructed in shipyards, and many of them were financed through loans guaranteed by Marad.

Marad now faces the prospect of acquiring title to rigs and service boats for which there may be little market. When drillers go broke, they stop making payments on their loans. The banks that issued securities to raise the loan capital then invoke the federal guarantee, and Marad has to pay up.

To avoid foreclosure, Marad, which has more than \$1 billion in rig guarantees outstanding, has begun making payments on some of the loans. In the biggest transaction so far, Marad made \$1.4 million in interest payments owed by Houtech Ltd. of Houston. If the rigs ever go back to work, Houtech will repay Marad the \$1.4 million, plus interest compounded at 15.8 percent a year. If drilling never resumes at its former pace, Marad may end up owning scrap steel parked in the Gulf of Mexico.

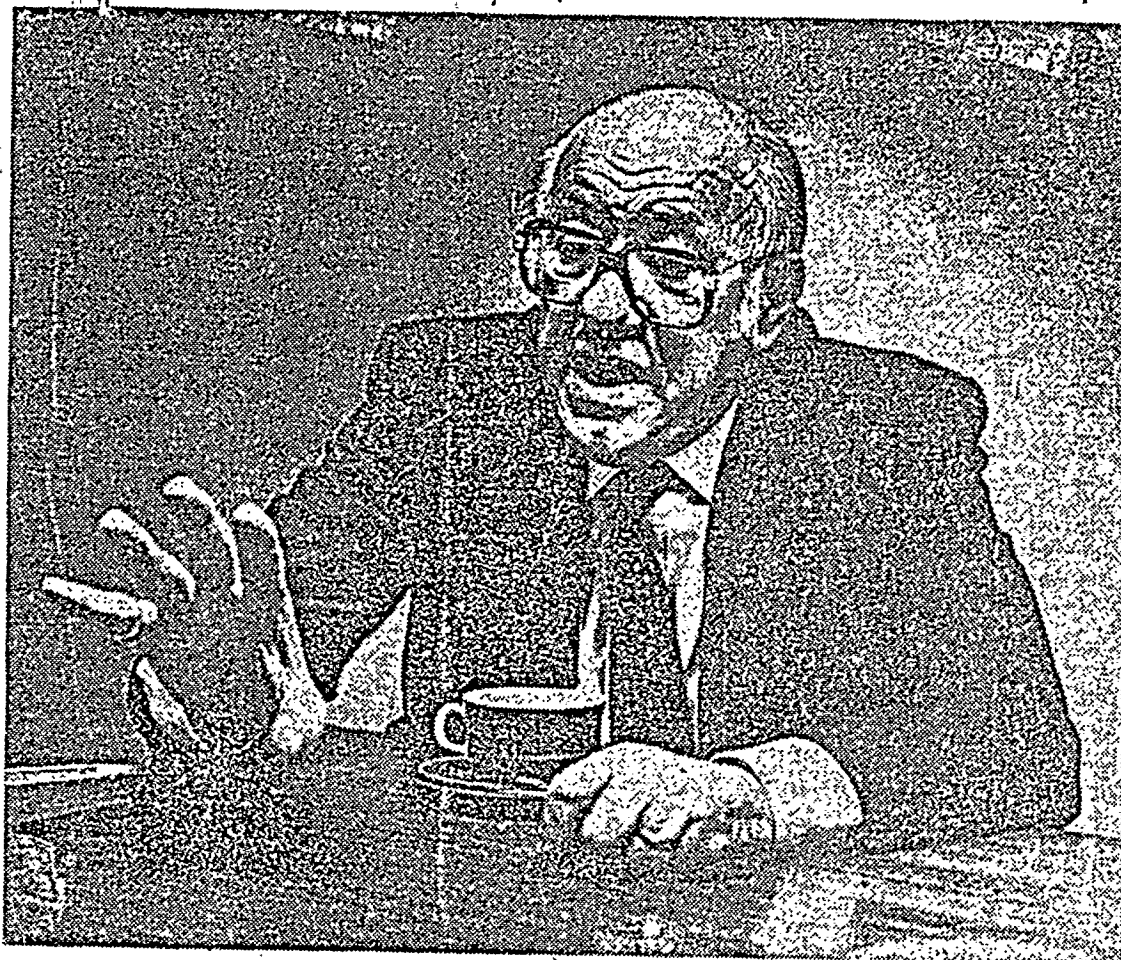
Another guarantee that went bad has forced Marad to pay \$13 million owed to Chemical Bank of New York. The debt was incurred by American Atlantic Shipping Inc. to build three small cargo vessels in 1979 and 1980. The company, reportedly squeezed out of some Latin American freight routes by the national shipping lines of South American nations, couldn't make its payments, and Chemical called the loan.

The ships now are part of the National Defense Reserve Fleet, which is parked on the James River in Virginia.

**PROMOTED** . . . Thomas W. Pross, a Merchant Marine Academy graduate who has worked at Marad since 1960, has been appointed associate administrator for shipbuilding and ship operations. Pross was formerly director of the office of shipbuilding costs.

—Thomas P. Lippman

104304-78



Leo V. Berger, an immigrant boy who rose to shipping magnate, backs proposed changes in tanker subsidy regulations.

By Dudley M. Brooks—The Washington Post

# A Classic Lobbying War Afloat

## Heavy Hitters Oppose Changes in Tanker Subsidy Rules

By Thomas W. Lippman  
Washington Post Staff Writer

In this corner, Capt. Leo V. Berger of Lake Success, N.Y., a basic American rags-to-riches story, an immigrant boy who rose to shipping magnate by way of a Bronx orphanage, the Merchant Marine Academy and Cernell Law School.

And in the other corner, a team of heavy hitters from the Washington establishment, including Sen. Russell Long (D-La.), Tom Boggs' law firm, Bob Gray's public relations shop, the Seafarers International Union, and Rep. Walter B. Jones, (D-N.C.), chairman of the House Merchant Marine Committee.

The U.S. Department of Transportation, which started this fight, is caught in the middle now. DOT ignited a classic Washington lobbying war by proposing to allow owners of tankers built and operated with federal subsidies to pay back the subsidies and gain access to domestic routes from which they currently are banned.

The proposal reflects the administration's long-

term policy of getting rid of subsidy programs that have been part of the merchant marine economy since 1936. But the imposing lineup of opponents say it is illegal, unwise, and unfair to shipowners who waived subsidies to sail on domestic routes.

DOT's proposal has engaged the attention of two federal courts, Congress, the entire maritime establishment, and the White House, where presidential counselor Edwin Meese heard from both sides at a recent meeting. The response has been so heavy that DOT extended by a month to May 2 the period for public comment on the proposal.

The issue is simple to Berger, a maverick independent whose Apex Marine Corp. owns nine tankers on which subsidies could be repaid: Uncle Sam would get back some \$150 million in subsidies that Apex already has received, would save another \$300 million that Apex is entitled to get, and would benefit from overall lower shipping costs because relatively new

See TANKERS, PAGE 15

Indicate page, name of newspaper, city and state.)

Washington Post

Washington DC

Date: 4-7-83  
Edition:

Title: STEAM CORE

Character:

or

Classification:

Submitting Office:

JUN 24

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# A Classic Lobbying War Afloa

## TANKERS, From 14

ships would replace "old clunkers" now plying the Alaskan oil route.

Berger, 62, came to the United States from his native Hungary at the age of 8. He described himself in an interview as "the best example of success in America. I was a pauper, and I became a millionaire. I'm disgusted with the other side painting me as an ogre." Berger said that he didn't ask DOT for the rule change and can survive without it. "I only want to do what's good for the country," he said.

But his opponents—major operators of tankers currently in the domestic trade, the maritime unions, domestic shipbuilders and several influential members of Congress—contend that the change would unfairly allow Berger to recover from what they call a "bad investment decision" at their expense.

In the words of Michael Klebanoff, president of Ogden Marine Inc. and of the American Maritime Association, the DOT plan would allow owners of subsidized tankers to escape a "very depressed world market to scavenge on the new Alaskan trade... an investment that has gone bad would be bailed out at the expense of the coastwise carriers who made, with their own money, what turned out to be a sounder investment."

The government pays subsidies for the construction of ships in American yards, and for the operation of U.S.-registered ships on international routes. The purpose is to enable American vessels to compete for cargo with foreign vessels built and operated at much lower costs.

But subsidized ships are not permitted to carry cargo on domestic routes, because there is no foreign competition on those routes. A law known as the Jones Act bars foreign-registered vessels from domestic traffic.

The Reagan administration has been trying to curtail the subsidy program, which at the time of Reagan's election was costing \$606.4 million a year. No money has been budgeted for construction subsidies for the past two years, no new contracts for operating subsidies have been let, and ship owners have been encouraged to trade their subsidy contracts for waivers of other restrictions. The proposed new rule is part of this campaign.

Its publication coincides with a worldwide surplus of tanker capacity caused by overbuilding of ships and declining demand for oil. As a result, ships transferred from international to domestic routes would bump into the mothball fleet some smaller, higher-cost vessels that are profitable only in a protected market.

DOT estimated that owners of 15 subsidized tankers with a total capacity of about 2.5 million deadweight tons—including Berger's—would take up the payback offer and become eligible to carry Alaskan oil to West Coast ports. DOT said some small, old tankers currently in the Alaskan fleet probably will have to be scrapped and some jobs will be lost, but it said the national economy will benefit because overall oil transportation costs would be brought down by the greater efficiency of the relatively new subsidized tankers.

A leading opponent of the change is Ran Hattena, president of Overseas Bulkships Inc., which he said owns 18 ships. Hattena said that, if only 10 subsidized tankers enter the Alaskan trade, they will "run the ratio of supply to demand well over 4 to 1. And this takes no account of 1 million tons of older tonnage already laid up for want of business."

The domestic tanker owners' war against the proposed change is being waged on several fronts:

- Fifteen members of the House Merchant Marine Committee, including Chairman Jones, and seven

members of the Senate, including Long and Virginia Republicans John Warner and Paul Trible, wrote to Transportation Secretary Elizabeth H. Dole urging that the proposed rule be withdrawn.

- The domestic tanker owners engaged Gray and Co., the well-connected public relations firm headed by Robert Gray, to stimulate opposition to DOT's proposal. One typical notice from Gray's staff said that the proposal would "contribute to the demise of the merchant marine, a crucial element in national defense."

- A group of domestic tanker owners engaged Allan A. Tuttle, of Patton, Boggs & Blow, the lobbying law firm headed by Thomas Hale Boggs, to attack the proposed rule in court.

The U.S. Supreme Court ruled in an earlier case that the government has the right to permit subsidy repayment, so Tuttle took another tack. In a lawsuit in U.S. District Court, he charged that the rule-making procedure was invalid because it should be conducted by the Maritime Administration, not by the Department of Transportation.

Government attorneys responded that this was an irrelevant argument because the Maritime Administration is part of DOT and the maritime administrator reports to Dole. The court ruled in favor of the government, but Tuttle has appealed the ruling to the U.S. Court of Appeals.

The domestic tanker owners argue that they made good-faith investments in new ships for the Alaska trade with the understanding that the rules would shelter them from their subsidized competitors.

Berger, however, said that the only ships endangered by the prospective entry of his 90,000-ton tankers are "old clunkers, the small ships. I wouldn't hurt anybody over 50,000 tons."

Page, name of  
r, city and state.)

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Office:

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SERIALIZED	FILED
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FBI - [illegible]	

*[Handwritten signature/initials across the stamp]*



# Memorandum



To : SAC Division II (194-304) Date May 23, 1983

From : SA [redacted] (M-12)

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b7C

Subject : STEAMCORE  
HOBBS Act - CPD  
BRIBERY  
OO: NY

On May 18, 1983 Writer and Criminal Investigator [redacted] EDNY, searched the records of the Federal Elections Commission regarding the campaign contributors in the election of Mario Biaggi, Congressman 10th District, New York. Contributions were searched for PACS. and individually, with specific attention to District II MEBA.-AIO, AFL/CIO, INTERNATIONAL LONGSHOREMEN'S ASSOCIATION and BERGER'S individual contributions or related corporate contributions for the election years 1977-1982. (See 1A)

On same date, writer searched the Federal Register 1975-1981, Library of Congress regarding the Merchant

Marine and Fisheries Committee  
which revealed the following:

1975 Committee Chairman: Lenor Sullivan  
Subcommittee:

Biaggi  
Chairman Coast Guard  
Member: NMIF Sub  
Panama Canal

Murphy  
Chairman: Oceanography  
Member: Coast Guard  
NMIF Sub  
Panama Canal

1976 Committee Chairman: Lenor Sullivan

Biaggi  
Member: Coast Guard  
Fisheries & Wildlife  
Oceanography

Murphy  
Chairman Coast Guard  
Member Sub NMIF  
Panama Canal

1977 Committee Chairman: John Murphy  
Subcommittee:

Biaggi

Chairman: Coast Guard

Member: Fisheries + Wildlife Conservation

Subcom MM: F

Ad Hoc Training

Murphy

Chairman: Subcom MM: F

Member: Ad Hoc Continental Shelf

1978 Committee Chairman: John Murphy  
Subcommittee:

Biaggi

Chairman: Coast Guard

Member: MM: F

Ad Hoc Maritime Education

Murphy

Chairman: Subcom MM: F

Member: Ad Hoc Outer Shelf

\* Lawrence Beiser served as Majority Staff Member in 1978.

1979 Committee Chairman: John Murphy  
Subcommittee:

Biaggi

Chairman: Coast Guard

Member: Sub NMIF

Panama

Murphy

Chair Sub NMIF

1980 Committee Chairman: John Murphy  
Subcommittee:

Biaggi

Chairman Coast Guard

Member: NMIF

Panama

Murphy

Chairman NMIF

1981 Committee Chairman Walter B Jones  
Subcommittee:

Biaggi

Chairman: NMIF

Member Coast Guard

Writer and Criminal Investigator  
[redacted] queried the Legislation  
Computer, Library of Congress, Washington  
for legislation introduced by either  
Biaggi or Murphy specifically relating  
to stipulations regulations etc which  
would directly or indirectly effect the  
Berger/Hess affiliation. (See 1A).

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TITLE: STEAMCORE  
HOBBS ACT - CPO  
BRIBERY  
OO: NEW YORK  
FILE: NY 194-304  
CASE AGENT:   
SUPERVISOR:

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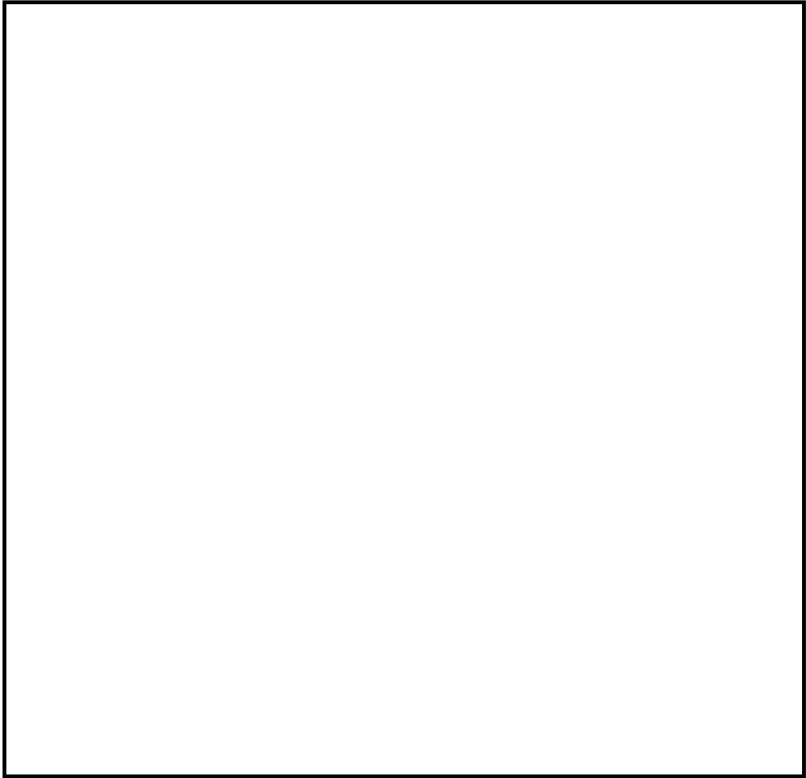
- I. DATE INVESTIGATION BEGAN: 4/16/82
- II. TYPE OF INVESTIGATION: GCI
- III. DATE OF FBIHQ/DEPARTMENTAL APPROVAL: NYO teletype to FBIHQ 8/22/82, which converted preliminary inquiry to full investigation.
- IV. DATE INVESTIGATIVE AUTHORITY EXPIRES: N/A
- V. BASIS OF INVESTIGATION: In its broadest sense, this case concerns waterfront related corruption. Investigation has focused on Northeast Marine Terminal (NMT), Brooklyn, N.Y., which is currently in Chapter XI Bankruptcy proceedings in the EDNY. The predicate for investigation centers on apparent bankruptcy fraud by NMT principals.

Our investigative interest was triggered by allegations that payoffs were made by Avon Steamship, Long Island, through the Marine Engineers Beneficiary Association (MEBA), Washington, D.C. union officials, government officials and ultimately to Congressman MARIO BIAGGI, 10th Congressional District, Bronx, N.Y., in order to secure federal maritime subsidies.

Avon and NMT are linked through interlocking business interests of principals/employees of both concerns. Additionally, NMT is tied closely with

194C-304-81  
Dr

O'Shea

- 
- VI. MAJOR OBJECTIVES:
- 1) Will identify and prepare for prosecution of federal bankruptcy violations for use as a leverage against principals of Northeast Marine Terminal.
  - 2) Will identify the intimate association between Northeast Marine Terminal and specific NYC officials; as that relationship concerned the repeated debt restructuring of their long term lease held by the Department of Ports and Terminals.
  - 3) Identify the method by which Avon Steamship Company and Hess Oil utilized MEBA as a conduit with the expectation the acquisition of Federal Maritime subsidies and exclusive shipping routes were assured.


VII. PROSECUTIVE OPINION:

The facts of this investigation were discussed on 8/10/82 with [REDACTED] b6  
[REDACTED] Chief of Economic Crimes Unit b7C  
EDNY. AUSA [REDACTED] EDNY, b7D  
currently assigned.

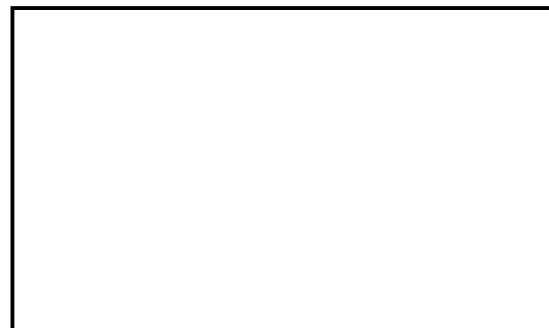
VIII. MILESTONES COMPLETED

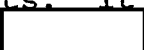

- 1) Have obtained the cooperation of NMT  
[REDACTED]  
who have provided detailed financial information with respect to the bankruptcy fraud.
- 2) Have identified long term lease agreements of fixed assets utilized as a method to conceal Northeast Marine Terminal assets at a time prior to bankruptcy.
- 3) Have identified undisclosed NMT ownership and/or investment in Liberian and Panamanian vessels. The financial arrangements for the purchase and operation of these vessels have been determined to be intimately associated with equipment leasebank agreements.
- 4) Have identified the existence of an undisclosed philanthropic foundation owned by certain principals of NMT believed to be a material method of cash generation washed through a corporate contribution account.
- 5) Have reviewed Federal Election Board records, Wash. D.C., which revealed MEBA as one of the primary contributors to MARIO BIAGGI'S campaigns.
- 6) Have identified the organizational framework of the various Maritime committees and vehicles by which federal subsidies are obtained.



- IX. MILESTONES ANTICIPATED:
- 1) Federal Grand Jury presentations scheduled for August, 1983.
  - 2) 
  - 3) Will further identify Chapter XI creditors who may have been solicited or coerced into participating in the bankruptcy scheme.
  - 4) Will further investigate financial transactions within the notes payable shareholders account from inception to liquidation.

X. UNUSUAL INVESTIGATIVE  
TECHNIQUES EMPLOYED/ANTICIPATED:



XI. MANPOWER ANTICIPATED: One to three Special Agents depending upon whether cooperation may be obtained from other targets. It should be noted that AUSA  has resigned and was replaced by AUSA 

## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/1/83

[redacted] Office of the Chief Counsel, Maritime Administration, United States Department of Transportation (USDOT), Washington, DC was interviewed by Special Agent (SA) [redacted] Federal Bureau of Investigation (FBI) and Criminal Investigator [redacted] Eastern District of New York. [redacted] voluntarily provided the following information:

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[redacted] advised that in 1970, Congress amended the Merchant Marine Act of 1936, which established various programs designed to foster and maintain the American Merchant Marine industry. Two of the key programs created by the act provides for the payment of operating differential subsidies (ODS) and construction differential subsidies (CDS).

[redacted] advised that the ODS program's objective is to equalize the disparity in operating costs between American ships and their foreign competitors with respect to the wages of officers and crews. The Maritime Subsidy Board, acting as a representative of the Secretary of Commerce, is authorized to enter into ODS contracts for either liner or (dry) bulk carrier operators. He advised it is unlawful for any contractor receiving ODS to own (either directly or indirectly), charter or operate any foreign flag ship which competes with an American flag ship or participates in domestic trade. [redacted] advised, the act provides for a waiver from these prohibited activities, in certain cases.

Construction differential subsidies are defined as the difference in costs between having a ship constructed in a foreign ship yard and having the same ship constructed in a United States shipyard. He advised that to be eligible for CDS vessels must be rebuilt in United States (US) shipyards, owned by US Citizens and operated under the nations foreign commerce.

[redacted] advised that prior to August 6, 1981 the Maritime Administration (MARAD) was under the Department of Commerce (after 8/6/81, Department of transportation). He advised that MARAD has responsibility for the promotional activities of the shipping business, the Merchant Marine Academy, port

Investigation on 5/18/83 at New York, New York File # NY 194C-304 -82

by SA [redacted] Date dictated 5/18/83

NY 194C-304

development and Maritime a subsidies.

[redacted] advised that the Maritime Subsidy Board (MSB), within MARAD, awards amends and terminates contracts subsidizing the construction and operation of US flag vessel's in the foreign commerce of the US.

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[redacted] advised that the Federal Maritime Commission (FMC) is an independant regulatory body whose five commissioners are appointed by the President. FMC'S primary concern is the regulation of the shipping industry as opposed to the promotional aspect.

The Merchant Marine and Fisheries Committee is a committee of the House of Representatives with legislative responsibilities and oversight Maritime areas, Ports, coast guard, Panama Canal etc. He advised that the ammendment to the 1936 Merchant Marine Act had to be introduced by a member of the committee.

[redacted] advised that Captain LEO BERGER is presently pushing to pay back ODS and CDS which he received; and then, subsequently gain access to domestic routes from which he is currently banned. This has caused a tremendous amount of controversy specifically with respect to the ship owners participating in domestic trade routes.

# Unions' Booming \$100,000-a-Year "Club"

**Teamsters' chief leads the pack as pay of more major labor leaders climbs above the six-digit level.**

The highest-paid national-union president in the country is the head of the Teamsters.

As boss of the nation's largest union, the Teamsters president earns a base salary of \$225,000—not including expenses and cash allowances—a figure comparable to that paid many top corporate executives.

Others in the upper reaches of union pay include leaders of the Air Line Pilots, Major League Baseball Players and Marine Engineers associations.

Every one of these leaders gets more than just a base salary.

Extras, including \$16,620 for hotels and restaurants, pushed total compensation in 1982 to \$780,500 for Roy L. Williams, the former Teamsters chief who was forced to resign in April to avoid imprisonment while he appeals his conviction for conspiring to bribe a U.S. senator.

Most of that total was paid for legal expenses to defend Williams against charges that he and four other men tried to bribe former Senator Howard Cannon (D-Nev.) to scuttle legislation to deregulate the trucking industry. Cannon was not charged, but later, partly because of publicity about the case, lost a bid for re-election to a fifth term.

The details of union leaders' compensation come from the latest *U.S. News & World Report* survey of the financial statements that unions are required by law to file with the Department of Labor.

**Six-figure earners.** Although the presidency of the 1.8-million-member Teamsters receives the most, many other unions have boosted compensation for their leaders in recent years so that they also can now count on incomes in six figures.

As the table on this page shows, all of the 25 highest-paid union heads at last count received more than \$100,000 from their organizations in salaries, expenses and cash allowances—up from 22 two years earlier and only 12 four years ago.

In the case of the Teamsters, Williams's straight salary jumped by \$61,297 between 1981 and 1982, while

his total compensation, including expenses, increased by \$599,297.

His successor, Jackie Presser, is getting the \$225,000 salary as well as income from other leadership positions he holds. Presser is paid \$42,500 by the

Ohio Conference of Teamsters, \$58,900 by Joint Council 41 and \$208,000 by Cleveland Local 507.

Together, these jobs in his home region produce earnings of \$309,497, leaving Presser in his new national role with a combined income of \$534,497 a year—not including expenses.

Presser is considering downward "adjustments" in his total pay to reflect his multiple positions "but has not yet decided what he will do," according to a spokesman.

The second-highest-paid union job,

## What Top Union Leaders Earn

	Salary	Allowance	Expenses	Total
1. Roy L. Williams, Teamsters*.....	\$225,000	\$ 3,650	\$551,850	\$780,500
2. John J. O'Donnell, Air Line Pilots*† .....	\$163,701	\$28,000	\$ 40,311	\$232,012
3. Marvin J. Miller, Baseball Players*† .....	\$165,736	—	\$ 37,299	\$203,035
4. Jesse M. Calhoun, Marine Engineers .....	\$191,250	—	\$ 5,335	\$196,585
5. William H. Wynn, Food and Commercial Workers ....	\$135,625	\$13,250	\$15,483	\$164,358
6. J. C. Turner, Operating Engineers ..	\$124,288	\$23,300	\$13,420	\$161,008
7. Edward T. Hanley, Hotel and Restaurant Employees .....	\$110,000	\$15,820	\$23,129	\$148,949
8. Richard I. Kilroy, Railway Clerks .....	\$120,000	—	\$27,880	\$147,880
9. Thomas W. Gleason, Longshoremen's Association .....	\$126,744	\$12,804	\$ 8,007	\$147,555
10. Shannon J. Wall, Maritime Union ...	\$136,397	—	\$ 9,457	\$145,854
11. Martin J. Ward, Plumbers* .....	\$105,000	\$34,100	—	\$139,100
12. S. Frank Raftery, Painters .....	\$ 99,336	\$18,250	\$19,854	\$137,440
13. Robert A. Georgine, AFL-CIO Building & Construction Trades .....	\$107,212	\$16,410	\$ 7,986	\$131,608
14. Angelo Fosco, Laborers† .....	\$121,000	—	\$ 8,013	\$129,013
15. John H. Lyons, Iron Workers .....	\$ 87,635	\$29,820	\$ 9,822	\$127,277
16. John T. Joyce, Bricklayers .....	\$ 90,687	—	\$36,010	\$126,697
17. Edward J. Carlough, Sheet Metal Workers .....	\$ 84,000	\$39,895	—	\$123,895
18. Lane Kirkland, AFL-CIO .....	\$112,115	—	\$ 8,482	\$120,597
19. Jerry Wurf, State, County, Municipal Employees*† .....	\$100,625	\$ 7,200	\$ 8,904	\$116,729
20. Lloyd McBride, Steelworkers .....	\$ 91,430	—	\$21,583	\$113,013
21. John J. Sweeney, Service Employees .....	\$ 98,411	—	\$14,001	\$112,412
22. Sol Chaikin, Ladies' Garment Workers† .....	\$ 82,478	—	\$28,037	\$110,515
23. John DeConcini, Bakery Workers .....	\$ 85,099	\$ 2,600	\$18,896	\$106,595
24. Albert Shanker, Teachers .....	\$ 95,996	—	\$ 7,079	\$103,075
25. Patrick J. Campbell, Carpenters .....	\$ 92,360	\$ 9,275	—	\$101,635

\*No longer in office, or deceased.

†Figures are 1981—latest available.

USNEWS—Basic data: U.S. Dept. of Labor

according to the survey, is with the 34,000-member Air Line Pilots Association. Former President John J. O'Donnell's earnings in 1981, the latest recorded, reached \$232,012, including expenses and allowances. O'Donnell's salary increased by \$52,003 from 1980 to 1981.

A spokesman for the union says a formula tied to the salary of the highest-paid pilot in the association, plus an additional amount for the president's job, will determine the pay this year of O'Donnell's successor, Henry A. Duffy, who took over late in 1982.

**Voluntary reduction.** Third on the list is the job of executive director of the Major League Baseball Players Association, the union's highest-ranking figure. Marvin J. Miller, since retired, drew a salary of \$165,736 from the position in 1981, the latest year for which the union has filed a report. Payments for expenses pushed this to \$203,035.

According to the report, Miller's agreement with the union provided for an annual salary in 1981 of \$175,000, plus a cost-of-living adjustment of \$15,000, an overall total of \$190,000.

Because of the baseball strike that year, Miller voluntarily relinquished \$24,264, reducing his pay to \$165,736. The union's executive board voted, however, to provide him an all-expense, one-month vacation, which he

took in October, 1981, "in recognition of his service to the association" during the strike.

The 50-day players' strike cost the union in other ways, according to its filing. Players who were on the road when the strike began were flown back to their home cities at a cost of \$85,000, contract-negotiation expenses reached \$286,000 and outside legal fees totaled \$88,000.

The union also lost \$135,000 in dues during the strike, forcing it to allocate \$387,000 in licensing revenues as special dues to defray negotiation costs.

In 1982, Miller's agreement called for his salary to equal the authorized amount of \$190,000 payable for 1981, plus another cost-of-living adjustment not to exceed \$15,000, for a maximum total of \$205,000.

His successor, Kenneth Moffett, who assumed office this year, will be paid less, however, according to a spokesman. Moffett is expected to receive a base salary of \$135,000.

The level of pay for the baseball job runs counter to the survey's general finding that compensation at the top is greatest at the biggest unions.

The reason is that players in the 1,000-member baseball union earn far more than rank-and-file members of other unions. Average compensation now amounts to \$280,000.

By contrast, members of the United Farm Workers union are among the lowest paid of any organized workers, and their president's salary reflects that. Cesar Chavez drew a salary of just \$7,445 from the union in 1982—up from the pay he received the previous year of only \$2,840.

Another exception is the job of president of the 1.1-million-member United Auto Workers Union. Although it is one of the most powerful and influential unions in the country, its top official earns far less than counterparts at much smaller unions.

In 1982, former UAW President Douglas Fraser drew a salary of \$73,056 and expenses of \$14,057, for a total of \$87,113—not enough to rank him among the best paid.

**Linked to success.** For Owen Bieber, who succeeded Fraser as head of the union in April, the president's pay will be frozen at \$74,894 until June, 1985, to reflect static wage levels among the union's rank and file under current contracts.

The freeze action was taken by UAW delegates to the union's just concluded constitutional convention in Dallas. As a vice president of the union in 1982, Bieber was paid a salary of \$62,664, plus expenses of \$11,415, for total compensation of \$74,078.

Similarly, the salary of Steelworkers President Lloyd McBride and other officers and staff was trimmed 10.5 percent in April, in keeping with recent wage cuts for the union's members.

Newcomers to the list of the 25 highest paid are leaders of the Bakery, Confectionery and Tobacco Workers union and the Carpenters.

Bakery President John DeConcini joined the top earners on the list with \$106,595 compensation in 1982—\$18,896 of which went for expenses, including 100 percent of the cost of leasing and operating an automobile. Carpenters President Patrick Campbell got \$101,635.

Edged out of the ranking was Charles H. Pillard, president of the Electrical Workers (IBEW), whose salary and expenses totaled \$100,371—good for 26th place.

Although among the top 25 two years ago, the job of president of the National Education Association, held by Willard H. McGuire, did not pay enough to place it that high again. Including salary, expenses and allowances, McGuire's compensation was \$88,625.

As the survey shows, the highest-paying unions have crossed the \$100,000 barrier. The next milestone: \$200,000, already reached by the Teamsters. □

## Five Union Chiefs With The Highest Compensation



Roy L. Williams  
Teamsters



John J. O'Donnell  
Air Line Pilots



Marvin J. Miller  
Baseball Players



Jesse M. Calhoon  
Marine Engineers



William H. Wynn  
Food, Commercial Workers

By CAREY W. ENGLISH

(Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)

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Date: June 6, 1983  
Edition:

Title: Frank Cole

Character: 194.304  
or

Classification:  
Submitting Office:

FEDERAL BUREAU OF INVESTIGATION

Date of transcription  
9/9/83

1

On August 30, 1983, Special Agent (SA) [redacted]  
Federal Bureau of Investigation (FBI), served [redacted]  
[redacted]

b3  
b6  
b7C

[redacted] with a Federal Grand Jury subpoena returnable  
at the Eastern District of New York on September 9, 1983.

Interviewed on 8/30/83 at New York, New York File # NY 194-304-83

By SA [redacted] Date Dictated 9/6/83

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contents are not to be distributed outside your agency.

FEDERAL BUREAU OF INVESTIGATION

Date of transcription  
9/9/83

1

On August 30, 1983, Special Agent (SA) [redacted]  
Federal Bureau of Investigation (FBI), served [redacted]  
authorized to accept service on behalf of [redacted]  
[redacted] with a Federal Grand  
Jury subpoena returnable at the Eastern District of New York on  
September 9, 1983.

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b6  
b7c

7

Interviewed on 8/30/83 at New York, New York File # NY 194-304-84

B [redacted]

Date Dictated 9/6/83

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription  
9/12/83

1

On August 31, 1983, Special Agent (SA) [redacted]  
Federal Bureau of Investigation (FBI), served [redacted]  
authorized to accept service on behalf of [redacted]  
[redacted] with a Federal Grand Jury  
subpoena returnable at the Eastern District of New York on  
August 23, 1983.

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b6  
b7c

Interviewed on 8/31/83 at New York, New York File # NY 194-304-85

By [redacted]

Date Dictated 9/6/83

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription  
9/15/831b3  
b6  
b7C

[redacted]  
[redacted] was interviewed by Special Agents (SAs) [redacted]  
[redacted] Federal Bureau of Investigation (FBI).

SA [redacted] advised [redacted] that the objective of the  
interview was to discuss the possibility of obtaining his  
[redacted] cooperation. [redacted] was advised that a Federal  
Grand Jury was convened to [redacted]  
[redacted]

[redacted] advised that he recently had a falling out with  
[redacted] and [redacted]  
[redacted] He expressed concern that he felt intimidated by the FBI's  
posture and would seriously consider the possibility of  
cooperating. [redacted] advised he would get back to SA [redacted]  
within two weeks.

Interviewed on 9/13/83 at Manhattan, New York File # NY 194-304-86

Date Dictated 9/14/83

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contents are not to be distributed outside your agency.

## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/24/83b6  
b7C

[redacted]  
[redacted] was interviewed by Special Agent (SA [redacted])  
Federal Bureau of Investigation (FBI), and Criminal Investigator  
[redacted] Eastern District of New York. [redacted] advised  
the following information:

[redacted] stated that from September of 1971 until 1975,  
he held the position of [redacted] American Export  
Lines.

He advised that he was offered a position with Northeast  
Marine Terminal (NMT), sometime in 1977, by JOSEPH CECIRE, a long-  
time friend. He advised that his responsibilities encompassed  
arranging lunches for prospective clients in an attempt to attract  
business to the terminal. He advised that he was paid a monthly  
consulting fee of \$2,000. [redacted] advised that he could not recall  
if there was any retainer agreement generated by NMT or himself  
documenting his employment. [redacted] advised he primarily dealt with  
JOSEPH CECIRE and [redacted] advised he was unable to  
get any business for the terminal and eventually left because he  
had nothing to do. [redacted] was unsure when the consulting arrange-  
ment was terminated. [redacted] advised he held no other positions  
while engaged at NMT.

[redacted] recalled that he was on the staff of the Merchant  
Marine and Fisheries Committee for approximately eight or nine  
months while engaged at NMT. He advised that he got the job  
through JACK MURPHY, Congressman. He advised he was unaware of  
any outside engagement restriction while serving on the staff.  
He stated that General Counsel of the Committee [redacted] last name  
unknown (LNU), suggested that he sell his Maritime-related stock,  
even though he owned small percentages. [redacted] was unable to recall  
if he declared his employment with NMT and did not think General  
Counsel was aware of it. [redacted] advised that he met MURPHY through  
[redacted] former Commissioner of New York Ports and Terminals.

[redacted] advised he was not aware if MURPHY wanted or had  
an interest in a terminal in Puerto Rico or in Navriaros (phonetic)  
de Puerto Rico. He was not aware that [redacted] was interested  
in purchasing American Export Lines. [redacted] advised [redacted]

Investigation on 8/24/83 at Mahwa, New Jersey File # NY 194-304) - 87  
by [redacted] Date dictated 8/24/83

NY 194-304

is a good friend. [ ] was not aware if [ ] had an interest in NMT, although he had been told by, first name unknown (FNU) [ ] Adherence Corp, 21 West Street, Manhattan, New York, to "stay out of the terminal, it's [ ] He was unable to recall when he was told this or in what context.

b6  
b7c

[ ] advised that while serving on the Merchant Marine and Fisheries Committee, he conducted an economic evaluation of United States subsidized liner companies engaged in world trade. He advised he met LEO BERGER and [ ] through [ ] Maritime Administration. [ ] advised that he will never serve in a staff capacity again because of the "circus-like attitude of the Washington political scene."

[ ] advised that JESSY CALHOON, President, Marine Engineers Benevolent Association (MEBA), is very powerful, politically, in Washington, D.C. [ ] advised that he had heard rumors that CALHOON entertains both executives and government officials at an exclusive hunting lodge in the Carolinas.

[ ] was not aware if BERGER or LEON HESS had any special relationships with officials within the Maritime Administration.

194-304-88

OCT 1983

NEW YORK

1 Pao

# Memorandum



To : SAC Division II (194-304)(P) Date October 3, 1983

From : SA [redacted] (M-12)

b3  
b6  
b7C

Subject : STEAMCORE  
Hobbs Act - CPD  
Bribery

On October 3, 1983

[redacted] Telephone [redacted] advised that he was appearing at the Office, EDNY on behalf of his client [redacted] [redacted] advised that his client would be amiable to speak with the writer only after a grant of immunity, due to his fear of criminal liability.

As SA [redacted] advised that the ultimate goal of caption investigation was not to indict [redacted] but to gain his cooperation and move on. [redacted] was tentatively scheduled to appear before Federal Grand Jury [redacted] [redacted] Also present [redacted] and Criminal Investigator [redacted]

# Memorandum



To : SAC Division II (194-304) P Date Nov 9, 1983

From : SA [redacted] (M-12)

Subject : STEAN CORE  
Hobbs Act - CPO  
Bribery

b6  
b7C

Investigation in captioned matter is expected to expand upon receipt of Grand jury transcripts and subpoenas.

In view of the above, it is suggested that subfiles be created for efficiency as follows:

Sub A - Subpoenas  
Sub B - Grand jury transcripts  
Sub C - Workpapers

194-304-89

SEARCHED	INDEXED
SERIALIZED	FILED
NOV 09 1983	
FBI - NEW YORK	

*[Signature]*

① 194-304 (Main)  
1- 194-304 (Sub A)  
1- 194-304 (Sub B)  
1- 194-304 (Sub C)

## FEDERAL BUREAU OF INVESTIGATION

1

Date of transcription  
10/4/83

[redacted] Lloyd's Register of Shipping, 17 Battery Place, Manhattan, New York, telephone (212) 425-8050, was interviewed by Special Agent (SA) [redacted] Federal Bureau of Investigation (FBI). [redacted] provided the following information.

b6  
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[redacted] advised that his company is responsible for the publication of the Register of Shipping, which chronologically publishes a vessel's history and the Register of Shipowners, which correspondingly identifies vessel owners, companies, and/or agents with various vessels. [redacted] suggested that the most resourceful source of information (for purposes of this investigation) would be the Confidential Index. [redacted] advised this is a semi-annual publication compiled by Lloyd's of London Insurance Brokers for the purposes of identifying particular ship owners who may or may not disguise their ownership or affiliations with particular enterprises and vessels. [redacted] advised that his company would be unable to provide the FBI with the Confidential Index, however, gave access to the Register of Shipping and Index of Shipowners for the years 1970 to present.

Interviewed on 9/22/83 at New York, New York File # NY 194C-304-90

[redacted]  
Date Dictated 9/28/83

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 11/7/83

On November 2, 1983, Criminal Investigator [redacted] b6  
Eastern District of New York (EDNY) advised Special Agent (SA) [redacted] b7C  
[redacted] Federal Bureau of Investigation (FBI), that he  
had a telephone conversation with [redacted]

[redacted] provided the following information:

[redacted] advised he never heard that Mrs. BERGER owned or had an interest in any foreign flag vessels. He added that he was not even aware that there was a Mrs. BERGER, therefore does not remember discussing the subject at all. [redacted] advised he had no records reflecting this ownership. [redacted] advised that the Maritime Administration is interested in "arms length" transactions. He advised he may have been notified by a statement of No Personal Financial Interest from the BERGER Organization.

On November 9, 1981 [redacted] advised that he had no recollection of any particular meeting regarding the BERGER waivers. He advised [redacted] handled and drafted the September 20, 1976 memo. [redacted] advised that it was his recollection that the \$1,000 fee charged by Avon for Allied vessels was a low figure. It was his feeling that this agreement described duties just short of an operating managing Agent [redacted] recalled that it was questionable what Maritime Administration was going to do; and that the numbers estimated in the BERGER agreement did not look right.

Investigation on 11/2/83 at New York, New York File # NY 194C-304 91  
by [redacted] Date dictated 11/2/83

## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 11/14/83

On November 8, 1983, Criminal Investigator [redacted] Eastern District of New York (EDNY), advised Special Agent (SA) [redacted] Federal Bureau of Investigation (FBI) that he had a telephone conversation with [redacted] Kominers, Fort. Schlefer and Boyer, 1776 F Street, Northwest, Washington, D.C. [redacted] provided the following information.

b6  
b7C

[redacted] advised he had no recollection of Mrs. BERGER's ownership of foreign flag vessels. He did not meet BERGER until much after 1977. He advised that as a staff lawyer, he probably did not even attend the meetings. He advised he signed approximately 15 or 20 agreements a day indicating his department had no legal objections.

[redacted] advised that after leaving the Marine Administration and going to the Kominers Firm, Kominers issued an opinion that a wife's holdings are not material to obtain an 804 waiver.

Investigation on 11/8/83 at New York, New York File # 194C-304 *92*

by S. [redacted] Date dictated 11/11/83

## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 11/18/83b6  
b7C

On November 11, 1983, Criminal Investigator [redacted] Eastern District of New York (EDNY); advised that he had a telephone conversation with [redacted] Maritime Administration (MARAD), London, England, telephone number 011-444-499-9000 who advised the following:

[redacted] advised that he had only a vague recollection of reviewing any BERGER application, however, was not aware that Mrs. BERGER was ever identified as being an owner or shareholder [redacted] stated that he would consider the fact that Mrs. BERGER's ownership of foreign flag vessels is very material. [redacted] advised that he maintained no records or calendars to memorialize his participation in the BERGER waiver.

Investigation on 11/11/83 at New York, New York File # NY 194C-304

by SA [redacted] Date dictated 11/16/83 93

## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 11/18/83

On November 14, 1983, Criminal Investigator [redacted] b6  
Eastern District of New York (EDNY), advised Special Agent (SA) [redacted] b7c  
[redacted] Federal Bureau of Investigation (FBI), that he  
had a telephone conversation with [redacted] Maritime Administration  
(MARAD). [redacted] advised the following:

[redacted] advised that he never heard that Mrs. BERGER  
owned or had any interest in foreign flag ships during the period  
LEO BERGER was applying for a waiver under Section 804(a) Merchant  
Marine Act 1936. [redacted] advised he instructed [redacted] to  
require BERGER to disclose the owners of various foreign flag  
vessels. [redacted] advised MARAD never received a list of the  
respective vessel owners, aiding in a determination of what  
BERGER's relationship actually was.

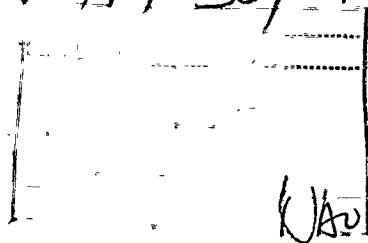
[redacted] advised that had he known Mrs. BERGER owned or  
had an interest in any foreign flag vessels, he probably would have  
rejected the waiver. He advised that after reviewing the BERGER  
contract, he objected to its contents as it appeared to be a  
management agreement between Avon and Allied.

[redacted] was cognizant [redacted] had left MARAD to go to  
BERGER's Organization, Avon, right after the waiver was granted.  
He advised that he received no indication that [redacted] was not  
acting in the best interests of MARAD.

Investigation on 11/14/83 at New York, New York File # NY 194C-304 94

by SA [redacted] Date dictated 11/14/83

194-304-95



NAO

# Memorandum



To : SAC Division II (194.304) - P Date 11-21-83

From

SA

(M-12)

b3  
b6  
b7C

Subject : STEADCORE  
Hobbs Act - CPO  
Bribery

On 11-21-83, Writer contacted AUSA

[redacted] regarding [redacted]

scheduled Grand Jury  
Expressed concern that

[redacted] and

[redacted] advised Writer

that he had two trials coming up  
and was extremely busy. [redacted]

advised that he would speak to AUSA

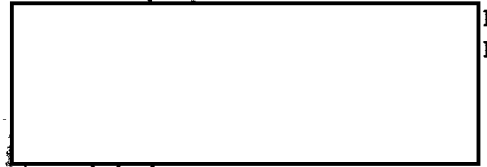
On 12-1-83, Writer contacted AUSA

[redacted] advised that he

was extremely busy and has not  
recontacted [redacted] Attorney. He

additionally advised he had to review  
the case and speak to [redacted]

194j304-96  
hr hr



b6  
b7C

2

# Memorandum



To : SAC Division II (194-304) P

Date Jan 24, 1984

From : SA [redacted] (M-12)

b6  
b7C

Subject : Steamcores  
Hobbs Act - CPO  
Bribery

The purpose of this memorandum is to discuss, what the writer perceives, as mitigating factors which have contributed to the lack of success in the captioned matter to date:

Notwithstanding the fact that between 8/82 to present, three different Assistant United States Attorneys have been assigned to the case, all three have exhibited different prosecutive philosophies. The predicate for this investigation had centered on allegations of bankruptcy fraud by NMT principals. After an extremely thorough and lengthy examination of the books and records of Northeast Marine Terminal, a high percentage of the initial allegations had been substantiated, as numerous financial inconsistencies had been identified. It was assumed that the prosecutive objective of these



findings would be used as leverage  
 against [redacted] of NMT, specifically [redacted]  
 [redacted]

b3  
 b6  
 b7c

Approximately one year into the investigation (and three AUSA's later), it was strongly suggested that the prosecutive direction should be changed with emphasis on Avon Steamship (as opposed to NMT) with primary use of the Federal Grand Jury Process. Although writer reluctantly agreed (keeping the long term benefits in mind), she reiterated her interests that Grand Jury questions include [redacted]  
 [redacted]

On approximately 9-13-83, writer and SA [redacted] approached [redacted] in an attempt to gain his cooperation. Based upon the results of [redacted] responses combined with informant information, the writer felt there was a high likelihood that [redacted] would cooperate. [redacted]  
 [redacted]

Occasion, b. Eastern District

b3  
b6  
b7C  
b7D

FEDERAL BUREAU OF INVESTIGATION

Turkey

[Redacted]

[Redacted]

[Redacted]

he was unable to meet the source.  
While the writer is not ruling out  
any investigative mistakes she may  
have made (in the interest of being objective)

4  
The lack of momentum and  
apparent disinterest has irreversibly affected  
the direction of the case. Although, the  
writer remains cautiously optimistic,  
prosecution as a logical conclusion  
of this case, seems skeptical.

TRANSMIT VIA: Airtel  
CLASSIFICATION: Unclas

DATE: 2/8/84

FROM: Director, FBI  
TO: SAC, New York (194-304)

STEAMCORE, HOBBS ACT - CPO; BRIBERY  
OO: NEW YORK (NY)

Review of FBIHQ files reveal that the last communication submitted on captioned matter was dated 5/13/83. Therefore, current developments and status of investigation are unknown to FBIHQ.

New York is directed to forward within 30 days an airtel with a brief LHM (original and three copies) suitable for dissemination to the U. S. Department of Justice, updating this matter including a prosecutive opinion.

In the event this investigation is in a closed status, submit closing communication to include LHM outlining allegations received, summary of investigation, and prosecutive opinion.

TPS  
SD 3/1  
BD 3/14  
(MP)  
J

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X AIRTEL

APR 2 1984

TO: DIRECTOR, FBI  
FROM: ADIC, NEW YORK (194C-304) (M-12)  
SUBJECT: STEAMCORE;  
HOBBS ACT - CPO;  
BRIBERY;  
(OO: NY)

Enclosed for Federal Bureau of Investigation Headquarters (FBIHQ) are the original and three copies of an LHM captioned as above.

Contact will be maintained with Eastern District of New York. Significant developments will be forwarded to FBIHQ.

2 - Bureau (Encls. 4)  
① - New York  
1 - Supervisor (M-12)  
NO:pam  
(4) *pam*

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*[Handwritten initials and markings]*



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New York, New York  
APR 2 1984

Steamcore;  
Hobbs Act - Corruption of  
Public Officials;  
Bribery

This investigation was initiated based on information developed by the New York Federal Bureau of Investigation (FBI) Office that indicates significant payoffs may have been made by Avon Steamship Company to a New York Congressman, other government and union officials in order to obtain Federal Maritime subsidies.

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Information in possession of the FBI, New York,

Information has been developed that

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4 - Bureau  
① - New York (194C-304)

NO:pan  
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Steamcore

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Interviews of [redacted] combined by research of the Llyods Confidential Ship registry have revealed the existence of undisclosed ownership by Berger and [redacted] in Liberian, Panamanian and Greek vessels, under the auspices of Allied Corporation. The intimate relationship between Avon and Allied appears to have been manipulated so as to circumvent the Maritime Administrations disclosure requirements of vessel ownership. The interviews have suggested that this information would have been considered a material fact effecting the granting of Avon waivers under Section 804 (a) of the Merchant Marine Act of 1936. Shortly after the granting of Avon applications, a Maritime Administration official (influential in Avon approval process) left to assume a position with Berger's company.

On February 21, 1984, the facts concerning this matter were discussed with Assistant United States Attorney (AUSA) [redacted] Eastern District of New York. Based on the facts presented [redacted] expressed a positive prosecutive interest upon the development of facts, which enhance and thereafter substantiate the allegations, surrounding this matter.

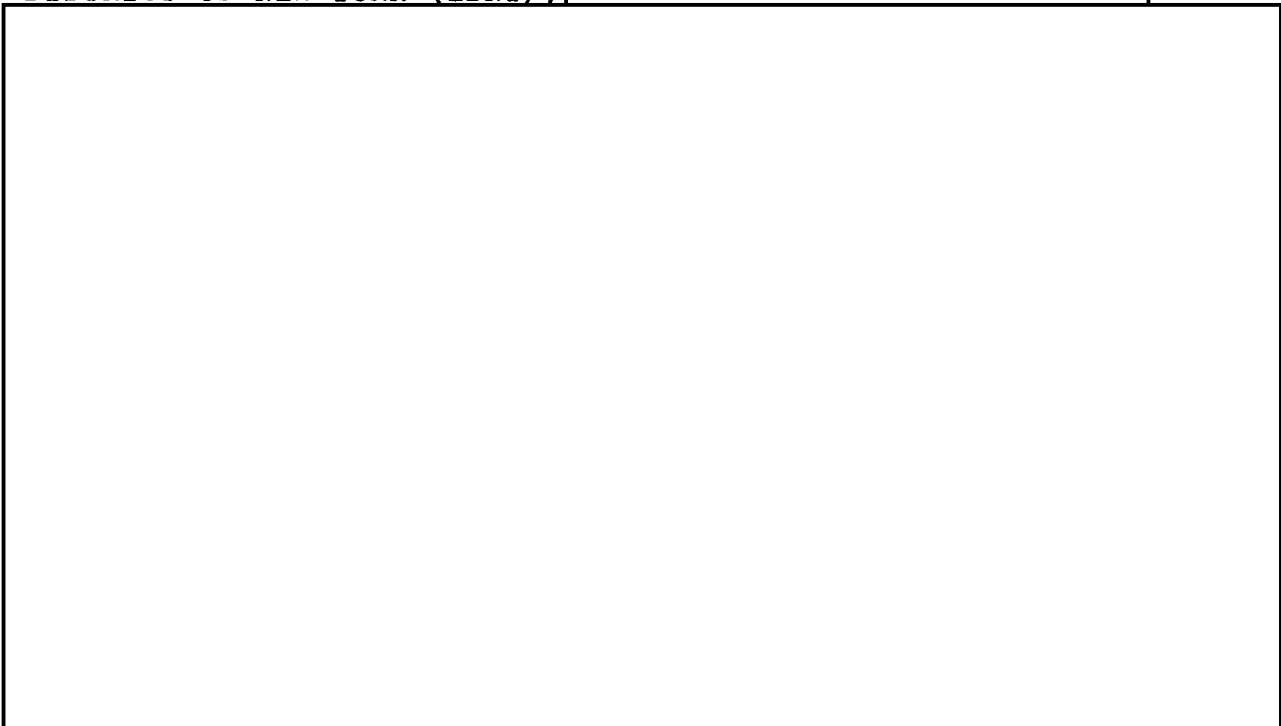
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On [redacted] [redacted] provided the following  
information to Special Agent (SA) [redacted]

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Source learned that [redacted]  
[redacted] the FEDERAL BUREAU OF INVESTIGATION (FBI)  
and the United States Attorney's (USA's) office in the EASTERN  
DISTRICT OF NEW YORK (EDNY), [redacted]



194 304 -101  
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FBI - NEW YORK





194-304-102



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# Memorandum



To : SAC Division II (194c 304)(P) Date Sept 21, 1984  
From : SA [redacted] (C-12) b6  
Subject : Steamcore b7C  
Hobbs Act - CPO  
Bribery  
OO: NY

On September 21, 1984 Assistant United States Attorney [redacted] Eastern District of New York, Strike Force telephonically contacted writer. [redacted] advised writer that he is presently looking into various aspects (financial and Organized Crime) of the ILA Pension and Profit Sharing fund. During the course of the investigation, numerous references to Northeast Marine Terminal have come to their attention.

Writer advised [redacted] that due to problems with Eastern District's prosecutive interest, she was contemplating closing the case. Writer advised aUSA [redacted] that she would be happy to meet with him and answer questions which would help the Strike Force's intelligence base. A meeting was scheduled.

# Memorandum



To : SAC Division II (194-304)(P) Date October 26, 1984

From : SA [redacted] (C-12)

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Subject: Steamcore  
Hobbs Act - CPO  
Bribery  
OO: NY

On October 26, 1984, Assistant United States Attorney [redacted] Eastern District of New York advised that he had been in contact with AUSA [redacted] regarding an exchange of information between the Strike Force and the FBI. [redacted] advised that he would request disclosure for Grand jury information exchange inasmuch as there were New York City Detrolives involved in the investigation. [redacted] advised he would advise as to the disclosure request.

194-304-103  
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UNITED STATES DEPARTMENT OF JUSTICE  
FEDERAL BUREAU OF INVESTIGATION

New York, New York

DEC 3 1934

LEON HESS;  
AMARADA HESS CORPORATION;  
1185 Avenue of the Americas  
New York, New York

Information in the possession of the FEDERAL BUREAU OF INVESTIGATION (FBI) indicates significant payoffs may have been made by AVON STEAMSHIP COMPANY (ASC) to a New York Congressman and MARINE ENGINEERS BENEVOLENT ASSOCIATION UNION (MEBA) in order to obtain Federal maritime subsidies [REDACTED]

b7D

[REDACTED] LEON SHAPIRO [REDACTED] LEON HESS [REDACTED]

[REDACTED] The investigation to date has failed to substantiate the above allegations.

Information developed revealed HESS has an oil refinery operation in St. Croix (United States territory). HESS secured an executive order exempting him from using United States (US) flagships to transport oil (from St. Croix to US mainland). Allegedly, bills were brought before Congress to revoke the exemption. The charter arrangement between ASC (APEX subsidiary) and HESS reportedly diffused congressional action.

- 4 - Bureau (194-3087)
- ① - New York (194C-304)

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194-304-106

LEON HESS;  
AMARADA HESS CORPORATION  
1185 Avenue of the Americas  
New York, New York

On November 15, 1984, [REDACTED] Assistant  
United States Attorney (AUSA), Eastern District of New York  
(EDNY), advised it was unlikely that LEON HESS would be  
prosecuted for anything related to the "Steamcore" investigation.

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UNITED STATES DEPARTMENT OF JUSTICE  
FEDERAL BUREAU OF INVESTIGATION

AIRTEL

DEC 3 1984

TO : DIRECTOR, FBI

FROM : ADIC, NEW YORK (194C-304) (P-12)

SUBJECT: STEAMCORE;  
HOBBS ACT - CPO;  
BRIBERY

Enclosed for the Bureau are the original and three  
copies of an LHM, captioned as above.

2 - Bureau (Encls. 4)  
① - New York

NAO:eac  
(4)

194C-304-107

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FBI - NEW YORK	

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UNITED STATES DEPARTMENT OF JUSTICE  
FEDERAL BUREAU OF INVESTIGATION

New York, New York  
December 17, 1984

STEAMCORE  
HOBBS ACT - CORRUPT PUBLIC OFFICIAL  
BRIBERY

Information in the possession of the FEDERAL BUREAU OF INVESTIGATION (FBI) indicates significant payoffs may have been made by AVON STEAMSHIP COMPANY to a New York Congressman and MARINE ENGINEERS BENEVOLENT ASSOCIATION UNION (MEBA) in order to obtain Federal maritime subsidies. [REDACTED]

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[REDACTED]  
LEON SHAPIRO [REDACTED]

LEON HESS [REDACTED]  
[REDACTED]

In the absence of further developments to obtain evidence of violations of federal criminal law, this matter is being closed.

On December 10, 1984, Assistant United States Attorney [REDACTED] Eastern District of New York, concurred that the matter lacked prosecutive merit.

194-304-108

[REDACTED]

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UNITED STATES DEPARTMENT OF JUSTICE  
FEDERAL BUREAU OF INVESTIGATION

AIRTEL

JAN 2 1985

TO : DIRECTOR, FBI  
(ATTN: PUBLIC CORRUPTION UNIT)

FROM : ADIC, NEW YORK (194C-304) (C) (C-12)

SUBJECT: STEAMCORE  
HOBBS ACT-CPO;  
BRIBERY  
(OO:NY)

Enclosed for the Bureau are the original and three  
copies of an LHM, captioned as above.

2-Bureau (Encls. 4)  
1-New York

NAO:mjw  
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UNITED STATES DEPARTMENT OF JUSTICE  
FEDERAL BUREAU OF INVESTIGATION

26 Federal Plaza  
New York, New York

JAN 31 1985

Honorable Raymond Dearie  
United States Attorney  
Eastern District of New York  
225 Cadman Plaza  
New York, New York 10007

Attention: [REDACTED]

Assistant United States Attorney

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Re: Steamcore  
Hobbs Act - Corruption of a  
Public Official;  
Bribery

Dear Sir:

Information in the possession of the Federal Bureau of Investigation indicates significant payoffs may have been made by Avon Steamship Company to a New York Congressman and Marine Engineers Benevolent Association Union (MEBA) in order to obtain Federal maritime subsidies. [REDACTED]

[REDACTED]

[REDACTED] Leon Shanico  
[REDACTED] Leon Hess [REDACTED]

[REDACTED] The investigation to date has failed to substantiate the above allegations.

In the absence of further developments to obtain evidence of violations of federal criminal law, this matter is being closed.

2-Addressee

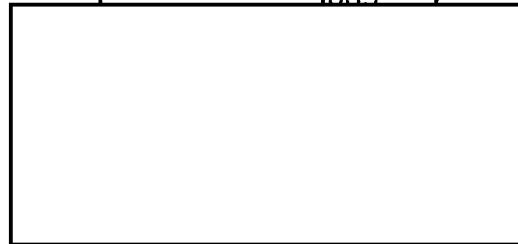
①-New York (58A-2506)

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194-304-110

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On December 10, 1984, Assistant United States Attorney  
[redacted], Eastern District of New York, concurred that the  
matter lacked prosecutive merit.

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Very truly yours,

LEE F. LASTER  
Assistant Director in Charge

[redacted]  
Supervisory Special Agent

UNITED STATES DEPARTMENT OF JUSTICE  
FEDERAL BUREAU OF INVESTIGATION

AIRTEL

DATE: JUN 13 1990

TO : DIRECTOR, FBI  
(ATTN: SYSTEMS ANALYST [REDACTED])  
INVESTIGATIVE SUPPORT SYSTEMS UNIT (ISSU), SDS)

b6  
b7C

FROM : ADIC, NEW YORK (194-304) (M-12)

SUBJECT: STEAMCORE;  
HOBBS ACT - CPO  
(OO:NY)

Reference FBIHQ airtel to New York, dated 5/23/90.

New York is requesting the computer printouts generated  
for captioned investigation be destroyed.

2-Bureau  
1-New York

NO/jak  
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194B-304

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[REDACTED]